

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6449

BILL NUMBER: HB 1155

NOTE PREPARED: Nov 27, 2002

BILL AMENDED:

SUBJECT: Clay County jail construction funding.

FIRST AUTHOR: Rep. Grubb

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: This bill allows Clay County to increase its County Adjusted Gross Income Tax (CAGIT) rate by 0.25% to fund construction and remodeling of county correctional facilities. The bill provides that the tax increase expires upon payment of the bonds.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Summary:* Under the bill, additional revenue from CAGIT may be used for construction, acquiring, improvement, renovation, or equipping of a county jail, related buildings, and parking facilities. Revenue may be used for the demolition of existing buildings, acquisition of land, and may be used to repay bonds issued or leases entered into for any of the expenses listed above. The term of any bonds issued or lease entered into must not exceed 25 years.

Explanation of Local Revenues: *Summary:* Under the bill, Clay County would be allowed to increase their CAGIT rate by up to 0.25%. Assuming an effective date between April 1, and July 1, 2003, the county could receive approximately \$0.9 M in additional revenue beginning in CY 2005.

The CY 2003 CAGIT certified distribution at a 1.0% rate for Clay County is \$3,761,506. It is estimated an additional 0.25% CAGIT tax increase would equal approximately \$0.9 M in additional revenue for the entire year.

The effective date of the bill is upon passage. If the effective date is not before April 1, 2003, the county council of Clay County could adopt an ordinance to increase its CAGIT rate after January 1, 2004. If an ordinance is adopted after January 1, 2004, and before April 1, 2004, the effective date of the ordinance would be July 1, 2004. Certified distributions with the higher CAGIT rate would begin to be received by Clay County in CY 2005.

Background: CAGIT- Under current law, the county council may impose CAGIT at either a 0.5%, 0.75%, or 1.0% rate. Clay County currently imposes CAGIT at a 1.0% rate.

CAGIT & County Economic Development Income Tax (CEDIT) - Current law allows, with few exceptions, a maximum combined CAGIT and CEDIT rate of 1.25%. Clay County does not currently impose CEDIT.

Under current law, a county must adopt a rate increase in CAGIT by April 1 of a given year. In July of that year, the State Budget Agency calculates a certified distribution for the following year. (CAGIT counties do not receive any additional certified shares until May and November of the year following the rate increase and certified distribution.)

State Agencies Affected: State Budget Agency; Department of State Revenue.

Local Agencies Affected: Clay County.

Information Sources: State Budget Agency.

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